
June 2009

DEFENSE INFRASTRUCTURE

DOD Needs to Improve Oversight of Relocatable Facilities and Develop a Strategy for Managing Their Use across the Military Services



Report Documentation Page			Form Approved OMB No. 0704-0188		
<p>Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</p>					
1. REPORT DATE JUN 2009	2. REPORT TYPE	3. DATES COVERED 00-00-2009 to 00-00-2009			
4. TITLE AND SUBTITLE Defense Infrastructure. DOD Needs to Improve Oversight of Relocatable Facilities and Develop a Strategy for Managing Their Use across the Military Services					
5a. CONTRACT NUMBER					
5b. GRANT NUMBER					
5c. PROGRAM ELEMENT NUMBER					
6. AUTHOR(S)					
5d. PROJECT NUMBER					
5e. TASK NUMBER					
5f. WORK UNIT NUMBER					
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) U.S. Government Accountability Office, 441 G Street NW, Washington, DC, 20548			8. PERFORMING ORGANIZATION REPORT NUMBER		
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)			10. SPONSOR/MONITOR'S ACRONYM(S)		
			11. SPONSOR/MONITOR'S REPORT NUMBER(S)		
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 37	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			



Highlights of GAO-09-585, a report to congressional committees

Why GAO Did This Study

The concurrent implementation of several major Department of Defense (DOD) force structure and infrastructure initiatives has stressed the ability of traditional military construction to provide enough permanent living and working space for servicemembers and other DOD personnel. As a result, the services are using some movable—or relocatable—facilities as barracks, administrative offices, medical facilities, dining halls, and equipment maintenance facilities to meet short-term needs.

In Senate Report 110-77, the Senate Committee on Armed Services directed GAO to review the subject. This report assesses the extent to which (1) the Office of the Secretary of Defense (OSD) is providing oversight of the services' use of relocatable facilities to meet physical infrastructure needs, and (2) DOD has a strategy for managing such facilities. GAO assessed data reported to OSD on relocatable use and cost as well as visited seven defense installations selected from those identified as having a sizeable number of relocatable facilities.

What GAO Recommends

GAO is making recommendations to improve OSD's oversight and management of the services' use of relocatable facilities by clarifying its definition of these facilities, developing a mechanism for collecting data on them, and developing a strategy for using, disposing of, and redistributing them. DOD generally agreed with GAO's recommendations.

View [GAO-09-585](#) or key components.
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June 2009

DEFENSE INFRASTRUCTURE

DOD Needs to Improve Oversight of Relocatable Facilities and Develop a Strategy for Managing Their Use across the Military Services

What GAO Found

Although DOD considers the use of relocatable facilities a temporary measure to meet short-term physical infrastructure needs, the Office of the Secretary of Defense (OSD) is not providing effective oversight of the number or cost of its relocatable facilities. OSD officials told GAO in March 2008 that they did not have information about how many relocatable facilities were being used, how many defense installations had them, or how much it has cost to acquire them. Subsequently, the military services reported to OSD that they have acquired over 4,000 relocatable facilities at an estimated cost of about \$1.5 billion over a 5-year period. However, GAO's assessment of these data showed that the data were inaccurate and incomplete. At six of the seven installations visited, GAO found discrepancies between the number of relocatable facilities located on those installations and the numbers that the services had reported to OSD. For instance, at Camp Lejeune, North Carolina, installation officials told GAO the installation had about 170 relocatable facilities, which is about 80 more than the Marine Corps headquarters reported to OSD. Such discrepancies occurred in part because OSD has not provided the services with a clear definition of relocatable facilities. In addition, OSD lacks a mechanism for collecting and maintaining reliable data on these facilities. A clear, ongoing requirement for OSD to collect and maintain consistent data on relocatable facilities would better enable it to manage the use of these facilities to provide working and living space for military personnel.

OSD has not developed a comprehensive strategy for managing relocatable facilities departmentwide. Although the military services plan to replace many of their relocatable facilities with permanent construction, some officials GAO spoke with expressed skepticism that the planned replacement funds will become available. In addition, GAO found that these facilities at many installations have been in use longer than the 3 years DOD's guidance states it normally expects. Furthermore, some Army officials told GAO that due to several force structure and infrastructure initiatives, it expects that the influx of more military personnel at some installations could exacerbate the shortage of facilities, which could mean more relocatable facilities might be needed. Meanwhile, some DOD installations may be planning to acquire new relocatable facilities at market cost at the same time that other installations are disposing of them. Although the Army is moving in the direction of centralizing its management of relocatable facilities, none of the other military service headquarters told GAO they have initiated similar efforts. Because OSD does not have a comprehensive DOD-wide strategy for managing the use of relocatable facilities—including the transfer of relocatables from one location to another—the services could unnecessarily spend DOD funds by simultaneously acquiring new facilities at some locations while auctioning off or incurring costs to store or demolish similar facilities at other locations.

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Abbreviations

DOD	Department of Defense
OSD	Office of the Secretary of Defense

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**United States Government Accountability Office
Washington, DC 20548**

June 12, 2009

Congressional Committees

The Department of Defense's (DOD) concurrent implementation of several major force structure and infrastructure initiatives has stressed the traditional military construction processes to provide needed living and working space for servicemembers and other DOD personnel. These initiatives—such as the continued transformation of the Army's force structure from an organization based on divisions to more rapidly deployable, combat brigade-based units; the implementation of about 800 Base Realignment and Closure actions by 2011; the planned increase in the active-duty end strength of the Army and the Marine Corps by a combined 92,000 military members; and the planned drawdown of troops from Iraq—will place new and changing demands on DOD's capability to provide sufficient living and working space at many installations by the time these initiatives and actions are expected to be completed. The military services, in response to current shortages in physical infrastructure, are using a large number of movable—or relocatable—facilities as barracks, administrative offices, medical facilities, dining halls, and equipment maintenance facilities. Such relocatable facilities can consist of a single trailer, or a set of trailers assembled together to form a larger, modular-type structure.

In Senate Report 110-77, the Senate Armed Services Committee expressed concern about DOD's use and cost of temporary facilities and the possibility that such facilities would eventually be considered an acceptable working or living standard.¹ The committee directed the Under Secretary of Defense for Acquisition, Technology and Logistics to report in July 2008 to the congressional defense committees on the use of such facilities within DOD. The committee also directed us to analyze and report on the Office of the Secretary of Defense's (OSD) report within 90 days of the OSD report issuance. However, as of May 2009, OSD had not issued its report to the congressional defense committees; therefore we have not evaluated OSD's report. The committee also stipulated that we may conduct independent research and make independent findings and recommendations. Accordingly, this report discusses DOD's use of relocatable facilities to meet its physical infrastructure needs. Specifically,

¹S. Rep. No. 110-77 (2007), 585-586.

we assessed the extent to which (1) OSD is providing oversight of the military services' use of relocatable facilities to meet physical infrastructure needs, and (2) DOD has a strategy for managing such facilities.

To address these objectives, we reviewed DOD and military service guidance on the use of relocatable facilities; obtained and reviewed inventory and cost data on relocatable facilities from each of the military services, which they reported to OSD for use in its pending report; and interviewed OSD and service headquarters officials responsible for overseeing the use of relocatable facilities. To gain insight into the numbers, costs, and disposal plans for relocatable facilities at the installation level, we visited seven installations, mostly focusing on the Army and the Marine Corps installations because the data they reported to OSD showed more extensive use of relocatable facilities than the Navy and the Air Force reported. We selected these installations to visit from those identified by service headquarters officials as having a sizable number of relocatable facilities. The Senate committee report limited DOD's review by excluding nonpermanent or temporary facilities used overseas at forward operating sites or cooperative security locations, thus we did not include the services' use of relocatable facilities at overseas locations. Our analysis of the seven installation visits cannot be generalized to other military installations. At each installation we visited, we compared installation data on the number and cost of relocatable facilities with similar data provided by each service headquarters to OSD and discussed any discrepancies identified. We also visited the Army Installation Management Command-West, Texas, to discuss the Army's use of relocatable facilities. We conducted this performance audit from February 2008 to June 2009, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. A more detailed description of our scope and methodology is included in appendix I of this report.

Results in Brief

Although DOD considers the use of relocatable facilities a temporary measure to meet short-term physical infrastructure needs, OSD has not provided effective oversight of the number or cost of its inventory of relocatable facilities across the military services. In March 2008, OSD officials told us that they did not have information about how many

relocatable facilities were being used, how many defense installations had them, or how much it has cost to acquire them. Subsequently, OSD began to collect that information from the military services in response to direction from the Senate Armed Services Committee. The services responded with data indicating that DOD has procured or leased over 4,000 relocatable facilities over a 5-year period.² However, our assessment of these data showed some inaccuracies and indications that the data are incomplete. At six of the seven installations we visited, we found discrepancies between the number of relocatable facilities located on those installations and the numbers that the military services had reported to OSD. For instance, during our visit to Fort Bliss, Texas, installation officials showed us over 100 relocatable facilities that had not been included in the Army headquarters data provided to OSD. Similarly, during our visit to Camp Lejeune, North Carolina, installation officials told us that the installation had about 170 relocatable facilities, which is about 80 more than Marine Corps headquarters reported to OSD. Such discrepancies occur in part because OSD has not provided the services with a clear definition of relocatable facilities. Officials we spoke with at Navy headquarters, for example, expressed confusion about whether structures like equipment sheds and rain shelters should be counted as relocatable facilities. In addition, OSD lacks a mechanism for collecting and maintaining reliable data on the number and costs of these facilities on an ongoing basis. Although the services reported to OSD data indicating that DOD has spent about \$1.5 billion over 5 years to acquire relocatable facilities, some service officials told us that collecting accurate cost data was difficult given that cost records were not always available. For example, at the Marine Corps and Air Force installations we visited, officials told us that their cost data were incomplete. A clear, ongoing requirement for the services to collect and maintain consistent data on the number and cost of relocatable facilities would better enable OSD to manage the military services' use of relocatable facilities to provide working and living space for military personnel. Thus, we are recommending that OSD clarify the definition of a relocatable facility and develop a mechanism for collecting and maintaining consistent and reliable data on the number and costs of such facilities across the military services.

²On May 16, 2008, OSD requested each service provide information on the number and cost of its relocatable facilities acquired over the past 5 years. OSD did not specify which 5-year period. Service officials from the Army and Navy noted that they reported data on calendar years 2003-2007 in their response; Air Force officials reported data on calendar years 2004-2008; and Marine Corps officials told us they reported data on fiscal years 2004-2008.

OSD has not developed a comprehensive strategy for ensuring sound management of relocatable facilities departmentwide. DOD Instruction 4165.56 states that relocatable facilities may be used when these facilities constitute the most feasible and economical means of satisfying an interim facility requirement, which is defined in this instruction as a short-term, normally 3 years or less, requirement to meet urgent or peak facilities requirements. Although the military services plan to replace many of their relocatable facilities with permanent construction and some funds have been programmed to do so in fiscal years 2010 to 2013, some officials we spoke with across DOD expressed skepticism that the planned replacement funds will become available. For example, Navy officials at Little Creek Naval Amphibious Base, Virginia, told us that funds are planned for 2012 to begin permanent construction to replace some of the installation's current stock of relocatable facilities; however, the officials expect its relocatable facilities to be in use well beyond 2014, since these facilities are being used for administrative buildings, which officials told us historically do not compete well for military construction appropriations. In addition, we found that these facilities at many installations have already been in use for longer than 3 years. The Army recently issued guidance indicating that it normally expects its relocatable facilities to be used for no more than 6 years, and officials at Fort Bliss, Texas, told us that about 550 of its nearly 600 relocatables, which are already more than 3 years old, will be used until at least 2014 for new incoming missions due to shortages of permanent facilities. Furthermore, some Army officials told us that, if the proposed drawdown of troops from Iraq occurs as planned—on top of DOD's implementation of other force structure initiatives—the influx of more military personnel could exacerbate the shortage of facilities already stressing some installations, which consequently could mean more relocatable facilities might be needed. Additionally, OSD does not have a strategy to manage the disposal or relocation of those facilities once they are no longer needed in their current location. For instance, Army officials at Fort Drum, New York, which has about 140 relocatable facilities, told us that once their installation no longer needs those facilities, they plan to disassemble and store the buildings on base, whereas Army officials at Fort Bliss, Texas, which has about 600 relocatables, told us that they plan to auction off as many of their relocatable buildings as possible when they are no longer needed. Meanwhile, some other DOD installations may be planning to acquire new relocatable facilities at market cost at the same time that installations are disposing of them. Although the Army is moving in the direction of centralizing its management of these facilities, none of the other service headquarters told us they have initiated similar efforts. Without a comprehensive DOD-wide strategy for effectively managing the

use of relocatable facilities—including the transfer of relocatables from one location to another across the services—the services could unnecessarily spend DOD funds by simultaneously acquiring new facilities at some locations while auctioning off or incurring costs to store or demolish similar facilities at other locations. We are recommending that OSD develop a strategic DOD-wide view for managing the use, disposal, and redistribution of relocatable facilities across all the services.

In written comments to a draft of this report, DOD fully agreed with two of our three recommendations and agreed to take action. While DOD's written comments indicated partial agreement with another recommendation, based on its response and our subsequent follow-up discussion with an OSD official, we believe DOD's planned action meets the intent of our recommendation. DOD's comments are reprinted in appendix II of this report. Also, DOD provided one technical comment on a draft of this report, which we incorporated as appropriate.

Background

According to DOD, a relocatable facility is a building designed to be readily moved, erected, disassembled, stored, and reused.³ In classifying buildings as relocatable, the estimated costs for average building disassembly, repackaging, and nonrecoverable building components, including typical foundations, may not exceed 20 percent of the building acquisition cost. DOD has stated that these facilities may be used when they constitute the most feasible and economical means of satisfying an interim facility requirement, which they have defined as a short-term, normally 3 years or less, requirement due to transitory peak military missions, deployments, military contingency operations, disaster relief; or urgent requirements, pending approval and construction of facilities through normal military construction programs.⁴ Such facilities can consist of a single trailer, or a set of trailers assembled together to form a larger, modular-type structure. The military services acquire relocatable facilities by either buying or leasing them, depending on the results of an economic analysis to determine the most economical approach.

³DOD Instruction 4165.56, "Relocatable Buildings" (Apr. 13, 1988).

⁴DOD guidance further states that in addition to the use of relocatable buildings for interim facility requirements, relocatable buildings may also be used instead of conventional, permanent construction when the duration of the requirement is uncertain.

In response to OSD's request for data on the military services' use of relocatable facilities over the past 5 years,⁵ the services reported that they have bought or leased over 4,000 relocatable facilities and have spent about \$1.5 billion to acquire them. According to these data, the Army and the Marine Corps have relied on relocatable facilities the most, reporting to OSD that they have about 2,800 and 800 of these facilities respectively. The Navy and the Air Force reported to OSD that they have about 400 and 200 relocatables respectively. Typically, the military services are using relocatable facilities as barracks, administrative offices, medical facilities, dining halls, and equipment maintenance facilities. Some relocatable facilities we saw during our installation visits are shown in figure 1.

⁵See footnote 2.

Figure 1: Examples of Various Relocatable Facilities in Use at Seven Military Installations GAO Visited



Source: DOD.
Barracks at Fort Bliss, Texas.



Source: GAO.
Administrative space at Camp Lejeune, North Carolina.



Source: GAO.
Barracks for about 600 soldiers at Fort Drum, New York.



Source: GAO.
Administrative space for about 60 people at Naval Amphibious Base Little Creek, Virginia.



Source: GAO.
Barracks at Fort Hood, Texas.



Source: GAO.
Training management space at Eglin Air Force Base, Florida.



Source: GAO.
Counseling center at Camp Pendleton, California.

Oversight and Guidance

The Office of the Deputy Under Secretary of Defense for Installations and Environment issues guidance on relocatable facilities. DOD last issued guidance on relocatable buildings in 1988. According to that guidance, unlike other nonpermanent buildings, relocatable facilities are to be accounted for as personal property rather than real property, unless these

facilities are authorized for procurement using construction procedures, in which case the buildings should be accounted for as real property.⁶ Additionally, the guidance states that in classifying a building as relocatable, it must meet a requirement known as the “20 percent rule.” This rule generally means the estimated costs for disassembling the building and repackaging it for storage or reuse, among other cost considerations, may not exceed 20 percent of the cost to acquire the facility. Generally, relocatable facilities are acquired as personal property using procurement or operation and maintenance appropriations. If other buildings do not meet the 20 percent rule, they are acquired as real property with military construction or with operation and maintenance appropriations.

In addition to DOD’s guidance, each of the military services have also developed specific guidance to govern the management, acquisition, and disposition of relocatable facilities. For example, to provide more specific guidance on funding relocatables, the Army has issued its own amplifying guidance. This guidance follows DOD Instruction 4165.56 that states that relocatable buildings procured and accounted for in a particular manner are considered personal property. The Army used the funding limits for procurement of equipment when it outlined the funds to be used for relocatable facility acquisition in both an Army regulation and interim policy for relocatable buildings.⁷ If the cost to buy or lease relocatables is under \$250,000, the Army is to use funds from its Operation and Maintenance appropriations, however if the cost is \$250,000 or more, it is to use funds from its Other Procurement, Army, appropriation. In contrast, if the Army is acquiring other buildings, meaning real property, it generally

⁶DOD Instruction 4165.56, “Relocatable Buildings.”

⁷Army Regulation 420-1, “Army Facilities Management” (Feb. 12, 2008); and Army Memorandum, “Interim Policy Change on Relocatable Buildings for Paragraphs 6-13 through 6-17 in AR 420-1, Army Facilities Management” (Feb. 19, 2008).

uses funds from its Military Construction appropriations for projects over \$750,000.⁸

Committee Interest on Relocatable Facilities

In addition to the committee interest that led to our review,⁹ other congressional committees have previously expressed interest in DOD's use of relocatable facilities, specifically within the Department of the Army. For example:

- In 2005, the Senate Armed Services Committee¹⁰ expressed concern that the Army had not included funds to sustain or replace trailers with permanent facilities, among other issues.
- Also in 2005, the House Armed Services Committee¹¹ noted that it was troubled by the Army's reliance on temporary facilities to support its modularity initiative and the Army's failure to budget for permanent

⁸There are two authorities available to DOD to use operation and maintenance funds to carry out military construction projects. Section 2805(c) of Title 10, U.S. Code, permits DOD to use operation and maintenance funds to carry out an unspecified minor military construction project costing not more than \$750,000, or up to \$1,500,000 in the case of a project intended solely to correct a deficiency that threatens life, health, or safety. DOD also possesses temporary, limited authority to obligate up to \$200,000,000 (and under certain circumstances, up to \$500,000,000) of operation and maintenance funds in a fiscal year to carry out construction projects that meet a specified set of conditions. Pub. L. No. 108-136, § 2808(a) (2003), as amended by Pub. L. No. 108-375, § 2810 (2004); Pub. L. No. 109-163, § 2809 (2006); Pub. L. No 109-364, § 2802 (2006); Pub. L. No. 110-181, § 2801 (2008); and Pub. L. No. 110-417, § 2812 (2008).

⁹S. Rep. No. 110-77 (2007), 585-586, directed the Under Secretary of Defense for Acquisition, Technology and Logistics to report to the congressional defense committees on the use of temporary facilities within DOD. Specifically, the Under Secretary was required to report on (1) a list of the acquisition or leasing actions of temporary facilities in each service over the past 5 years; (2) amounts spent on temporary facilities in the following categories: (a) operation and maintenance funding obligated in service contracts; (b) operation and maintenance funding obligated solely for nonpermanent, temporary facility construction or procurement; (c) operation and maintenance funding obligated for leases of nonpermanent, temporary facilities; and (d) procurement funding spent to procure nonpermanent, temporary facilities; (3) the plan for the construction of permanent facilities to replace each temporary facility acquired or leased in the DOD inventory to include project title, planned budget year, and estimated cost; and (4) the number of nonpermanent, temporary facilities previously leased by the department or the military services that were later purchased, and the costs associated with these arrangements. Although these reporting requirements do not specifically state relocatable facilities, OSD told us it plans to report data on relocatables given that the questions are mostly relevant to only relocatable facilities.

¹⁰S. Rep. No. 109-69 (2005), 434.

¹¹H.R. Rep. No. 109-89 (2005), 443-4.

construction to replace temporary facilities. The House Armed Services Committee further directed the Army to report on several issues related to the use and replacement of temporary facilities, and the Army provided its report in March 2006.¹²

More recently, the House Armed Services Committee directed OSD to submit to the defense committees by March 1, 2009, the department's plan to replace relocatable buildings with permanent facilities by fiscal year 2015.¹³ OSD officials told us they planned on providing these committees with this report as well as the report directed by the Senate Armed Services Committee that was due in July 2008, although they had not yet done so as of May 2009. To develop these reports, OSD requested that the military services provide data, and the services generally did the following in response to OSD's data request:

- Army headquarters officials stated that the Army updated its information on relocatable facilities in March 2008 by requesting data from its installations. Officials noted that these data were compared to data in the Army's real property database to supplement its completeness. The Army provided its data to OSD in the summer of 2008.
- Navy headquarters officials stated that the Navy used its database on facilities to obtain information on the number of relocatable facilities it is using. The Navy then provided these data to each of its 13 regions to review and supplement with data not contained in the database. The Navy provided its data to OSD during the summer of 2008.
- Marine Corps headquarters requested data from its major commands, citing that it was the responsibility of its commands to obtain data on relocatable facility use. The Marine Corps provided its data to OSD in the fall of 2008.
- Air Force headquarters requested the civil engineer for each of its major commands, who in turn tasked the civil engineer for each Air Force installation, to provide data on relocatable facility use. The Air Force provided its data to OSD in the summer of 2008.

¹²Department of the Army, *Report to Congress on Permanent Facilities for new Army unit* (For Official Use Only) (March 2006).

¹³H.R. Rep. No. 110-652 (2008), 476-7.

OSD Does Not Have Complete Oversight of the Services' Use of Relocatable Facilities to Meet Infrastructure Needs

Although military services are relying on relocatable facilities to meet shortages in their physical infrastructure needs, OSD lacks oversight over how many of these facilities are being used on defense installations and how much DOD has spent on such facilities. Neither OSD nor the services have a complete or accurate accounting of the number or cost of relocatable facilities because OSD has not issued clear guidance on how the military services should define relocatable facilities, and it lacks a mechanism for collecting and maintaining consistent use and cost data across the services.

OSD Does Not Fully Know How Many Relocatable Facilities the Services Are Using to Meet Physical Infrastructure Needs

OSD does not have accurate and complete data on the number of relocatable facilities that the services are using to meet current shortages in their physical infrastructure needs. Although the military services recently reported to OSD that they have bought or leased over 4,000 relocatable facilities over a 5-year period, our assessment of the data uncovered many discrepancies. At six of the seven installations we visited, including locations representing each of the military services, we found discrepancies between the number of relocatable facilities located on those installations and the number that the service headquarters had reported to OSD. For instance:

- At Fort Bliss, Texas, officials showed us over 100 relocatable facilities located on the installation that were not included in Army's data provided to OSD on relocatable facilities. Army headquarters did not know about these facilities until shortly prior to our visit.
- At Camp Lejeune, North Carolina, officials told us that the installation had about 170 relocatable facilities, which was about 80 more than Marine Corps headquarters had reported to OSD. Marine Corps headquarters officials told us they had no way to reconcile the discrepancies and suggested we ask the Marine Corps Forces Command, which was tasked to collect inventory data on relocatable facilities for its installations. Those officials stated that there is a lot of subjectivity in the definitions of relocatable facilities, which is contributing to data discrepancies.
- At Camp Pendleton, California, officials told us they only had 2 relocatable facilities; however, Marine Corps headquarters reported to OSD that the installation had a total of 330 relocatables and other nonpermanent facilities. Marine Corps headquarters officials told us there is confusion as to how many relocatable facilities are actually at Camp Pendleton. Based on our audit work, we believe there are several factors contributing to the data discrepancies. First, Marine Corps headquarters included both relocatable facilities as well as other nonpermanent facilities in their numbers in response to OSD's data request. Second, Marine Corps

headquarters also included future requirements for these facilities at Camp Pendleton even before obtaining the relocatable facilities. Third, Camp Pendleton officials told us they changed the property classification on their relocatable facilities from personal property to real property based on communications from Marine Corps headquarters officials. Camp Pendleton officials told us they properly classified these facilities although Marine Corps headquarters officials told us the reclassification was not correct. As of April 2009, Camp Pendleton officials told us their data had not changed.

- At Fort Hood, Texas, we found over 25 facilities that appeared to us to be relocatable facilities but were not accounted for as such. After our review of the installation's facility records, Fort Hood officials agreed that the facilities we had questioned should have been included in its count of relocatable facilities.
- We found other instances of data discrepancies at two other installations we visited. Although these discrepancies were minor, they nonetheless still represent an inaccurate count. At Naval Amphibious Base Little Creek, Virginia, officials told us that they had three fewer relocatable facilities than the data reported to OSD showed. Also, at Eglin Air Force Base, Florida, service officials told us they had two fewer relocatable facilities than the data reported to OSD showed, citing that one facility was counted twice and one facility was no longer at the installation.

Similar data discrepancies in the number of relocatable facilities on some Army installations were also reported on by the Army Audit Agency.¹⁴ At the request of the Assistant Secretary of the Army (Financial Management and Comptroller), the Army Audit Agency recently conducted a review on the Army's management of its relocatable facilities and reported on its use at five Army installations—Fort Bragg, North Carolina; Fort Drum, New York; Fort Huachuca, Arizona; Fort Riley, Kansas; and Fort Stewart, Georgia. The Army Audit Agency reported that it found discrepancies in the inventory of relocatable facilities at all five installations it reviewed. For example, the Army Audit Agency reported that Fort Bragg actually had

¹⁴The Army Audit Agency issued six separate reports on relocatable facilities—one for each of the five installations audited along with a summary report. These reports are: U.S. Army Audit Agency, *Management of Relocatable Facilities Fort Bragg, North Carolina*, A-2008-0292-ALO (Alexandria, Va., Sept. 30, 2008); *Management of Relocatable Facilities Fort Drum, New York*, A-2008-0268-ALO (Alexandria, Va., Sept. 29, 2008); *Management of Relocatable Facilities Fort Huachuca, Arizona*, A-2008-0268-ALO (Alexandria, Va., Sept. 29, 2008); *Management of Relocatable Facilities Fort Riley, Kansas*, A-2008-0235-ALO (Alexandria, Va., Sept. 2, 2008); *Management of Relocatable Facilities Fort Stewart and Hunter Army Airfield, Georgia*, A-2008-0236-ALO (Alexandria, Va., Sept. 2, 2008); and *Management of Relocatable Facilities*, A-2009-0065-ALO (Alexandria, Va., Mar. 4, 2009).

about 20 more relocatable facilities than what was recorded in Army's database. As a result, the Army Audit Agency reported that Fort Bragg had lost visibility and accountability for relocatable facilities that could result in incorrect decisions on the management of these facilities.

In addition, both the Army and the Marine Corps—two of the military services that rely on relocatable facilities the most, according to data these services provided to OSD—told us there might be relocatables located at their installations that they do not know about. For example, Army officials told us they do not know if Army National Guard installations and readiness centers have relocatable facilities given that the Army National Guard manages its own facility needs and Army headquarters does not have readily available data on such use. In addition, Army officials said that some tenants on an installation might be using relocatable facilities that have not been accounted for at the host installation. These officials told us that tenants, like DOD's Domestic Dependent Elementary and Secondary School system, could be using relocatable facilities on an installation that the installation might not be aware of, which also presents challenges in maintaining a complete and accurate inventory of these facilities. Also, Army officials told us that they do not know the extent to which relocatable facilities might be on Army training ranges given the millions of acres of land in the ranges and that an accurate count would be difficult to verify. Moreover, Marine Corps headquarters officials told us they were not sure if their inventory count of relocatable facilities was complete since they do not routinely maintain data on relocatables at the headquarters level.

Furthermore, Navy headquarters told us its data provided to OSD did not include all of its relocatable facilities located at its installations. For example, Navy officials told us they did not collect and report data on relocatable facilities from four of its major commands—Naval Air Systems Command; Naval Sea Systems Command; Space and Naval Warfare Systems Command; and the Bureau of Medicine and Surgery—although the Navy estimated that these four commands had about 200 relocatable facilities. Navy officials told us they did not collect and report data on relocatables for these four Navy commands because OSD was independently seeking the data. However, OSD officials told us they did not request data specifically from these Navy commands and that its expectation was that each service would collect its own data covering the entire service. Also, Navy officials told us they could not verify their data collection on relocatables by major command because all of the collected data was accidentally lost when a computer failed and that the Navy does not routinely maintain data on relocatables at the headquarters level.

Air Force officials, on the other hand, told us it does routinely collect data on relocatable facilities at the headquarters level for inclusion in its annual report;¹⁵ however, the Air Force last reported on the use of relocatable facilities in fiscal year 2006 and has not issued its annual reports on its usage in fiscal years 2007 or 2008.

Also, some service officials expressed confusion about whether other types of facilities should be included in their count of relocatables. For example, some officials asked us if certain types of structures, such as equipment sheds and rain shelters, should be counted as relocatable facilities. We also found that the Air Force does not count a certain type of facility called Sprung shelters—which are generally a rigid frame structure covered by heavy tension fabric—as relocatable facilities if it buys them, but will count them if it leases them. On the other hand, the other three military services count these facilities as relocatables depending on the proper application of the relocatable definition.¹⁶ DOD's instruction on relocatable buildings does not address these structures.¹⁷ Two examples of Sprung shelters are shown in figure 2.

¹⁵Department of the Air Force Memorandum, *Annual Comprehensive Temporary Use Facilities Report* (Feb. 8, 2007).

¹⁶DOD Instruction 4165.56, “Relocatable Buildings,” states that in classifying a building as relocatable, the estimated costs for disassembling the building and repackaging it for storage or reuse, among other cost considerations, may not exceed 20 percent of the cost to acquire the facility.

¹⁷DOD Instruction 4165.56, “Relocatable Buildings.”

Figure 2: Pictures of Sprung Shelter Relocatable Facilities at Two Military Installations



Source: GAO.



Source: GAO.

Sprung shelter relocatable facilities used as administrative and training management space at Fort Hood, Texas, and a dining facility at Fort Bliss, Texas.

OSD does not have adequate oversight over the military services' use of relocatable facilities to meet its physical infrastructure shortages based on our observations on the difficulty some of the services had to collect data on these facilities and our assessment that these data are inaccurate and incomplete. DOD's Instruction 4165.56 on relocatable facilities prescribes policies and procedures for the acquisition and use of these facilities; however, officials with the Navy and the Marine Corps headquarters and several officials at installations we visited told us OSD's guidance on defining relocatable facilities was confusing to distinguish relocatables from other types of nonpermanent facilities because the definition of these types of facilities was not clear. This distinction is important because DOD generally considers relocatable facilities to be personal property—like vehicles and other equipment—which is acquired using either procurement or operation and maintenance appropriations—whereas other types of buildings, including temporary buildings, are considered real property, which are funded mostly through military construction appropriations and, in some cases, operation and maintenance appropriations. Furthermore, without a clear definition of relocatable facilities, DOD will not be able to reliably determine the extent to which the services are relying on these facilities to meet shortages in needed facilities.

OSD Does Not Fully Know How Much the Services Have Spent to Acquire Relocatable Facilities

Although some of the services' headquarters have begun to capture the cost of acquiring relocatable facilities, based on our analysis we believe these data are not reliable and the total cost of relocatable facilities acquired by the military services is uncertain. According to cost data we obtained from the services, DOD estimates it has spent about \$1.5 billion over a 5-year period¹⁸ to acquire relocatable facilities, yet service officials told us that because the number of relocatable facilities was uncertain, then the associated cost to acquire these facilities was also uncertain. Also, some service officials told us that collecting acquisition cost data was difficult given that reliable records on these costs were not always available and that maintaining information on these costs had not been a priority. For example, Navy and Marine Corps headquarters told us that they did not maintain any cost information on relocatable facilities, although they told us cost information on relocatables should be readily available at the installation. However, during our visit to Camp Lejeune, North Carolina, and Little Creek Naval Amphibious Base, Virginia, officials at both installations told us that their cost data to acquire relocatable facilities were incomplete. Marine Corps officials at Camp Lejeune told us that they did not retain cost information on their relocatable facilities prior to March, 2007, thus they could not provide acquisition cost data covering the last 5 years as requested by OSD. Likewise, Navy officials at Little Creek Naval Amphibious Base told us that their cost data on relocatable facilities were their best estimates given that they did not maintain the contracts for all of their leased relocatable facilities.

Army officials stated that although the service updated its cost data for their relocatable facilities in March 2008, the data are not complete for all installations. According to these officials, the cost information reported represents the best available data.

The Air Force, in response to direction from the Secretary of the Air Force, is to produce an annual report that captures the costs of acquiring relocatable facilities; however, the most recently completed annual report was for 2006. Air Force officials noted that a 2007 report was never officially completed, and as of February 2009, it had not begun to gather the data needed for the 2008 report. The officials told us they were relatively unconcerned about the size or cost of their inventory of relocatable facilities compared to other physical infrastructure issues, given the low use of relocatables located on their installations.

¹⁸See footnote 2.

Limited Oversight of Relocatable Facilities Hindered OSD's Ability to Respond to Congressional Request for Information

OSD does not have adequate oversight over the military services' use or cost to acquire relocatable facilities although it sets policy and develops overarching instructions on relocatable use. As a result, OSD's limited oversight over the military services' use of relocatable facilities has hindered its ability to respond to congressional requests for such information. For example, OSD was expected to issue its report in response to direction from the Senate Armed Services Committee in July 2008; however, it had not yet done so by May 2009. When we talked to OSD officials in March 2008, these officials told us they did not have information about how many relocatable facilities were being used, how many defense installations had them, nor how much it had cost to acquire them. OSD requested information from each of the military services but OSD officials told us they had experienced some data-collection problems.

Despite receiving information from the services, our work has shown that OSD still does not have reliable information given a number of identified discrepancies among the installations, service headquarters, and information provided to OSD on relocatable facilities numbers and associated acquisition cost. DOD's guidance states that DOD-owned equipment and other accountable property, such as relocatable facilities, should be properly inventoried, records should reflect current status, and documentation should be maintained to permit validation of information such as the purchase cost.¹⁹ Although the military services provided data in response to OSD's request indicating they had acquired over 4,000 relocatable facilities over a 5-year period recently, it will be difficult for OSD to know the extent the services are relying on these facilities because it lacks a mechanism for collecting and maintaining such information as required by its own guidance.

OSD Does Not Have a Strategy for Managing the Use and Disposal of Relocatable Facilities

OSD does not have a strategy for managing the military services' use and disposal of relocatable facilities, even though many of these facilities most likely will be used for longer than the 3 years that is normally expected for relocatables. In the absence of such a strategy, the services are at risk of managing these facilities in an inefficient manner.

¹⁹DOD Instruction 5000.64, "Accountability and Management of DOD-Owned Equipment and Other Accountable Property" (Nov. 2, 2006).

Military Services Expect to Use Relocatable Facilities Longer than Called for by DOD Guidance

Recognizing that the services would prefer to use permanent buildings to meet their infrastructure needs, some relocatable facilities could remain in use for many years. According to DOD guidance, the military services are expected to use relocatable facilities when they constitute the most feasible and economical means of satisfying an interim facility requirement, which is a short-term—normally 3 years or less—requirement for facilities in order to meet urgent or peak facilities requirements.²⁰ However, we found that relocatable facilities at many installations have already been in use for longer than 3 years. The Army recently issued guidance indicating that it normally expects its relocatable facilities to be used for no more than 6 years, and officials at Fort Bliss, Texas, told us that about 550 of its nearly 600 relocatables, which are already more than 3 years old, will be used at least 5 more years until 2014 to meet new incoming missions due to the lack of permanent facilities. Similarly, Marine Corps headquarters officials noted that rapid growth, changes in missions, and reorganizations have created new facility requirements that outstrip the Marine Corps' ability to meet the requirements through permanent construction. Thus, the Marine Corps continues to look to the use of relocatable facilities as the only available option to meet the needs. The officials stated that most likely relocatable facilities will be used at many installations for longer than 3 years.

Services Plan to Replace Relocatable Facilities with Permanent Buildings, but Could Face Management Challenges

Although the services plan to eventually replace many of their relocatable facilities with permanent buildings, and military construction funds have been programmed to do so in fiscal years 2010 to 2013, some service officials expressed skepticism that the planned replacement funds will become available, potentially further prolonging the need for relocatables. Even if planned military construction funds are appropriated in the later years, some of these relocatable facilities will have been in use beyond the normal amount of time as indicated in DOD's instruction. For example:

- Navy officials at Little Creek Naval Amphibious Base, Virginia, told us that they expect to obtain funding in fiscal year 2012 to begin permanent construction to replace some of the installation's relocatable facilities. However, for many of their relocatable facilities, they said they might not receive funding until fiscal year 2014. Once funding is received, the

²⁰DOD Instruction 4165.56, "Relocatable Buildings," § 3.1. Section 4.2 of the instruction further states that in addition to the use of relocatable buildings for interim facility requirements, relocatable buildings may also be used instead of conventional, permanent construction when the duration of the requirement is uncertain.

officials told us it generally takes about 2 years to build a permanent facility. Thus these relocatable facilities, acquired in November 2004, will be approximately 12 years old when replaced. Furthermore, these officials also expect some existing relocatable facilities to be used beyond 2014 because they are being used as administrative buildings, which the officials told us have not competed well historically for military construction appropriations within DOD.

- Army officials at Fort Bliss, Texas, told us they are currently using about 550 relocatable facilities to house a combat brigade pending permanent construction to replace these facilities. The officials said they plan to use these facilities, which were acquired in 2006, until at least 2014, at which time these facilities will be approximately 9 years old.
- Air Force officials at Eglin Air Force Base, Florida, provided us information that shows 27 of their 36 relocatables are currently over 5 years old. In fact, 3 of these facilities were acquired in March 1984, making them 25 years old. The officials noted that these facilities were scheduled to be replaced in 2009; however, they said the facilities will continue to be used for administrative purposes to support a training range.

Of the military services, the Army and the Marine Corps are the most affected by the implementation of DOD's force structure and infrastructure initiatives and will be challenged the most to find ways to meet their physical infrastructure needs in the short term. With the recent passage of the American Recovery and Reinvestment Act of 2009,²¹ DOD plans to spend about \$7 billion in funds on numerous infrastructure projects, among other items and activities, which in turn, holds the possibility that certain funded projects could lessen the need to rely on relocatable facilities at certain installations although it still might be too early to quantify such effects. On the other hand, other recent decisions could increase the use of relocatables. For example, officials at Fort Bliss, Texas; Fort Drum, New York; and at Army Installation Management Command-West, Texas, told us that, if the proposed drawdown of troops from Iraq occurs as planned—on top of DOD's other force structure initiatives—the influx of more military personnel could exacerbate the shortage of facilities at these and other installations. Meeting these facility needs could result in an increased use of relocatable facilities and the continued use of these facilities for longer than normally called for by DOD guidance.

²¹Pub. L. No. 111-5 (2009).

Army officials told us that installation commanders generally consider relocatables to be the property of their installations. Thus, even though plans exist to replace relocatable facilities with permanent construction, some installation commanders might be resistant to transferring their relocatables to another installation that needs them or even to disposing of them once the planned permanent buildings have been constructed, in case they are subsequently needed again. Although the Army has not yet redistributed any relocatables from one location to another, Army officials told us that they are in the process of trying to redistribute some relocatable facilities from Fort Irwin, California—an installation in which the Army believes it no longer needs its relocatable facilities—to Fort Sill, Oklahoma—an installation that currently needs relocatable facilities to address some of its facility space shortages. Although the Army plans to centralize its management of these facilities, neither the other service headquarters nor OSD have similar plans. Without a DOD strategy for managing relocatables that includes the redistribution of relocatables from one location to another when needed and when appropriate, installations with unneeded relocatables could unnecessarily spend defense funds disposing of facilities while another installation that needs them is spending defense funds to acquire them.

When appropriate to dispose of relocatable facilities, neither OSD nor the services have completed disposal strategies nor budgeting for the cost involved to remove these facilities. Officials told us relocatable facilities used today are often not facilities that can be easily towed away or sold at on-site auctions, such as would be true with single trailers with attached wheels. Rather, some installation officials told us that disposing of these facilities by auctioning them off in the local community might be more challenging than what is currently expected given these facilities normally arrive on flat-bed trucks and are either largely preassembled or assembled at the installation, as shown in figure 3.

Figure 3: Pictures of Relocatable Facilities Arriving and Being Installed at a Defense Installation



Source: DOD.



Source: DOD.

For example, officials at Fort Bliss, Texas, told us they expect to incur costs to dispose of or demolish their relocatable facilities, citing doubts that enough of their facilities could be auctioned off in the local community given the large quantities (about 600) of relocatable facilities at the installation. Officials at Fort Hood expressed similar views regarding the salvage value of the relocatable facilities at their installation, given the large quantities (nearly 300) of relocatable facilities that will need to be disposed of. Officials at Fort Drum, New York, told us that once their installation no longer needs its relocatable facilities (about 140), they plan to disassemble them and store the facilities on base, which officials said will likely incur cost to do.

Furthermore, the numbers of relocatable facilities for DOD to eventually dispose of could be more challenging given the actual size of some of these relocatable facilities. DOD currently counts as relocatables multiple trailers, which can be joined together, as one facility. For example, according to Air Force data, a facility at MacDill Air Force Base in Florida is actually made up of 72 trailers. We saw a similar situation at Little Creek Naval Amphibious Base, Virginia, in which officials there counted 146 trailers, many of which were connected to one another, as 23 relocatable facilities. Also, at Eglin Air Force Base, Florida, one relocatable facility—representing about 35,000 square feet of space—was actually comprised of 33 individual trailers, as shown in figure 4.

Figure 4: A Relocatable Facility Consisting of 33 Trailers at Eglin Air Force Base, Florida



Source: GAO.

DOD's guidance states that relocatable facilities accounted for as personal property, upon becoming excess to DOD, shall be redistributed or disposed of.²² However, OSD has not effectively communicated guidance on how the services are to manage its reliance on relocatable facilities because OSD does not have a strategy to manage the use, disposal, and redistribution of these facilities across all the services, including projected costs. Our prior work has shown that management control should be designed to provide reasonable assurance against unauthorized acquisition, use, or disposition of an agency's assets.²³ One way to accomplish this is an adequate means of communicating with and obtaining information from stakeholders that may have an effect on the agency achieving its goals. Collectively, OSD has a unique set of challenges in managing its current inventory of over 4,000 relocatable facilities; however, without a strategy that includes provisions for the disposal of relocatable facilities, including projected costs, some relocatable facilities could remain in place for years to come. Without a comprehensive DOD strategy for managing relocatables—including the transfer of relocatables

²²DOD Instruction 4165.56, "Relocatable Buildings," § 5.3.1.

²³GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: November 1999).

from one location to another—a military service could unnecessarily spend funds by simultaneously acquiring new facilities while another military service is incurring costs to store or demolish similar facilities. In addition, if this strategy does not include a consistent, common measure for estimating disposal costs based on size of the facility, DOD might not be planning for this expense in the most accurate and efficient way possible.

Conclusions

The pace of growth at some installations is exceeding the ability of traditional military construction to provide permanent facilities. Without a complete and accurate accounting of how many relocatable facilities DOD actually has or how much it spent to acquire them; DOD will continue to have a limited ability to oversee and manage the steps the services are taking in response to personnel growth at some installations. Until OSD develops clear guidance for the services to follow on what it expects to count as a relocatable facility, along with an expectation for the services to provide a complete and accurate accounting of them, OSD and Congress will continue to have incomplete information on the extent to which these relocatable facilities are being used on defense installations as interim solutions to facility infrastructure shortages. In addition, without a mechanism to accurately record and monitor its inventory of relocatable facilities, along with its cost to acquire them, OSD will not have reliable data for making effective choices on funding decisions.

Similar to DOD's experience with World War II-era wooden buildings, which were expected to be in use no more than 5 years, but of which many are still in use today, DOD's use of relocatable facilities could outlast the services' current expectations, especially in an increasingly competitive budget environment that could delay needed military construction funds beyond current expectations. In addition to the cost of acquiring relocatable facilities, DOD is likely to incur costs to store, dispose of, or relocate them. Without a comprehensive strategy to effectively manage the services' use of relocatable facilities, DOD may be unprepared to reliably budget for these costs. Finally, without a more strategic DOD-wide view of the services' plans to acquire and dispose of relocatable facilities, OSD may not be in a position to coordinate or to ensure the services transfer used relocatables from one location to another when appropriate, in lieu of acquiring new relocatable facilities at one location needing them, thereby avoiding waste.

Recommendations for Executive Action

To improve OSD's oversight and management of the military services' use of relocatable facilities, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology and Logistics to take the following three actions:

- clarify its guidance on the definition of relocatable facilities;
- develop a mechanism for collecting and maintaining complete and reliable data on the number of relocatable facilities used by the military services and on the costs of acquiring them once OSD clarifies the guidance on the definition of relocatable facilities; and
- develop and implement a strategy to help effectively manage the use, disposal, and redistribution of relocatable facilities across all the services when redistribution is appropriate, including projected costs.

Agency Comments and Our Evaluation

In written comments to a draft of this report, the Deputy Under Secretary of Defense (Installations and Environment) fully agreed with two of our three recommendation and stated it would take actions to implement them. The Deputy Under Secretary partially agreed with our recommendation that the Under Secretary of Defense for Acquisition, Technology and Logistics develop and implement a strategy to help effectively manage the use, disposal, and redistribution of relocatable facilities across all the services when redistribution is appropriate, including projected costs, citing that the Under Secretary of Defense for Acquisition, Technology and Logistics should not be involved in implementation but rather should promulgate policy and monitor implementation on the use, disposal, and redistribution of relocatable facilities across all the services when redistribution is appropriate.

In a follow-up discussion with an OSD official regarding DOD's written response to a draft of this report, the official noted that OSD will promulgate policy, which includes directing the military services to redistribute relocatable facilities across the services when redistribution is appropriate, and will monitor implementation on the use, disposal, and redistribution of relocatable facilities across all services when redistribution is appropriate. As such, we believe DOD's planned action meets the intent of our recommendation. DOD's comments are reprinted in their entirety in appendix II. Also, DOD provided one technical comment on a draft of this report, which we incorporated as appropriate.

We are sending copies of this report to interested congressional committees; the Secretary of Defense; the Secretaries of the Army, Navy,

and Air Force; the Commandant of the Marine Corps; and the Director, Office of Management and Budget. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me on (202) 512-4523 or by e-mail at leporeb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs are on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.

A handwritten signature in black ink, appearing to read "Brian J. Lepore".

Brian J. Lepore, Director
Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel K. Inouye
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Committee on Appropriations
House of Representatives

The Honorable Chet Edwards
Chairman
The Honorable Zach Wamp
Ranking Member
Subcommittee on Military Construction, Veterans Affairs, and Related
Agencies
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

To determine the extent to which the Office of the Secretary of Defense (OSD) is providing oversight of the military services' use of relocatable facilities to meet physical infrastructure needs, we reviewed Department of Defense (DOD) guidance on the authorization, acquisition, use, and disposition of relocatable facilities and the military services' policies and procedures that implement DOD's guidance. We obtained and reviewed inventory and cost data on relocatable facilities as reported to OSD by each military service. Although service headquarters officials stated that their data reflected information collected from their installations, we found that the data were not reliable because they were not always complete and accurate. Examples of the data reliability issues are included in this report. To gain insight into the numbers, costs, and disposal plans for relocatable facilities at the installation level, we visited seven defense installations. We selected installations to visit from those identified by service headquarters' officials as having a sizable number of relocatable facilities. We focused mostly on Army and Marine Corps installations because they use relocatable facilities to a greater extent than the Navy and the Air Force. Specifically, we visited Fort Hood and Fort Bliss in Texas; Fort Drum in New York; Naval Amphibious Base Little Creek in Virginia; Eglin Air Force Base in Florida; Marine Corps Base Camp Lejeune in North Carolina; and Marine Corps Base Camp Pendleton in California. At each installation we visited, we obtained data on the number and cost of purchasing or leasing relocatable facilities. We compared the installation's inventory of relocatable facilities to the numbers the service headquarters reported to OSD and documented and discussed any discrepancies with installation and service headquarters officials. Our analysis of the seven installation visits cannot be generalized to other military installations. We also visited the Army Installation Management Command-West in Texas to discuss the Army's relocatable facilities. Furthermore, we interviewed OSD and military service headquarters officials managing relocatable facilities to discuss the primary reasons for acquiring and using relocatable facilities, the process used to acquire them, and plans for their disposal. The Senate committee report limited DOD's review by excluding nonpermanent or temporary facilities used overseas at forward operating sites or cooperative security locations, thus we did not include the services' use of relocatable facilities at overseas locations. Also, we did not include the use of trailers by construction contractors or associated with any ongoing construction projects at defense installations.

To determine the extent to which DOD has a comprehensive strategy for managing relocatable facilities, we interviewed OSD and military service officials to discuss whether they have a plan to track whether relocatable

facilities are used for time periods that exceed DOD's or the service's length of use criteria, the implications of using relocatable facilities longer than called for in the guidance, and any issues regarding the disposal of relocatable facilities. At the installations we visited, we obtained information on the relocatable facilities that were in use longer than called for in DOD guidance and ascertained the reasons why. We also discussed with installation officials their plans for replacing relocatables with permanent buildings and the potential for costs to dispose of relocatable facilities.

We conducted this performance audit from February 2008 to June 2009, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense



OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

ACQUISITION
TECHNOLOGY
AND LOGISTICS

MAY 28 2009

Mr. Brian J. Lepore
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Lepore:

This is the Department of Defense (DoD) response to the GAO draft report, "DEFENSE INFRASTRUCTURE: DoD Needs to Improve Oversight of Relocatable Facilities and Develop a Strategy for Managing Their Use across the Military Services," dated May 4, 2009, (GAO Code 351177/GAO-09-585). Detailed comments on the report recommendations are enclosed.

The Department concurs with recommendations 1 and 2, and partially concurs with recommendation 3. We appreciate your efforts in conducting this review, and we thank the members of your staff for their comprehensive work.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Arny".

Wayne Arny
Deputy Under Secretary of Defense
(Installations and Environment)

Enclosure:
As stated



**GAO DRAFT REPORT – DATED MAY 4, 2009
GAO CODE 351177/GAO-09-585**

**"DEFENSE INFRASTRUCTURE: DoD Needs to Improve Oversight
of Relocatable Facilities and Develop a Strategy for Managing
Their Use across the Military Services"**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics to clarify its guidance on the definition of relocatable facilities.

DOD RESPONSE: Concur. The existing guidance needs to be updated and clarified.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics to develop a mechanism for collecting and maintaining complete and reliable data on the number of relocatable facilities used by the military services and on the costs of acquiring them once OSD clarifies the guidance on the definition of relocatable facilities.

DOD RESPONSE: Concur. DoD agrees that collecting and maintaining reliable data on the number of relocatable facilities acquired and the costs associated with acquiring them is necessary. We will look into how best to address this requirement and will attempt to leverage existing information technology system modernization efforts.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Acquisition, Technology, and Logistics to develop and implement a strategy to help effectively manage the use, disposal, and redistribution of relocatable facilities across all the services when redistribution is appropriate, including projected costs.

DOD RESPONSE: Partially concur. Rather than being directly involved in implementation, the Under Secretary of Defense for Acquisition, Technology, and Logistics should promulgate policy and monitor implementation on the use, disposal, and redistribution of relocatable facilities across all the services when redistribution is appropriate, including projected costs.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Brian J. Lepore, (202) 512-4523 or leodoreb@gao.gov

Staff Acknowledgments

In addition to the individual named above, Laura Talbott, Assistant Director; Leslie Bharadwaja; Susan Ditto; Mary Jo LaCasse; Katherine Lenane; Clara Mejstrik; Charles Perdue; and Sharon Reid made key contributions to this report.

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